

THE EVOLVING CONTINGENCY CONTRACTING MARKET: PRIVATE SECTOR SELF-REGULATION AND UNITED STATES GOVERNMENT MONITORING OF PROCUREMENT OF STABILITY OPERATIONS SERVICES

Whitney Grespin

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FOREWORD

The contingency contracting industry has shifted markedly in recent decades. The events of 9/11 led to a complete reorientation of military and stability operations activities worldwide such that the primary operating theater of many existing companies shifted almost entirely to Afghanistan and Iraq, while government demand also allowed for the creation of a myriad of new private entities to provide contingency contracting services. As U.S. Government (USG) contracting requirements react to drawdowns from these two concurrent large-scale ground engagements, the nature of the primary goods and services provided by the private defense industrial base will respond accordingly.

This transition away from private company support of large military engagements has also been coupled with a reorientation of industry focus away from combat environments towards support operations in increasingly frequent, but risky, stability operations. These types of operations necessitate augmented private sector support for commercial efforts in austere environments, as well as international missions that have shifted from UN “Chapter VI” peacekeeping missions to increased peace enforcement missions of the “Chapter VII” variety. The Office of the Secretary of Defense (OSD) states that, “‘Contingency contracting’ encompasses all contracting performed in a contingency environment (declared and non-declared), including military operations, stability operations, natural disasters, humanitarian, and other calamitous events.”

The activities of private companies in combat operations and complex environments have traditionally drawn minimal attention when compared to their historic presence in such settings; yet in the last twenty years the services of these companies have grown to become a seemingly indispensable part of the modern western stabilization arsenal, as well as the subject of much media attention. The governments that procure these companies' services put a great deal of faith and trust in their operations. While government contracting practices trend away from massive life support operations (accommodations, catering, facility maintenance, etc.) and back to the provision of people-based services, it is important that this manpower be sourced and monitored responsibly and ethically in order to uphold the principled aspirations of the U.S. and align policy practice with preaching.

Daniel A. Pinnell
COL, U.S. Army
Director
Peacekeeping and Stability
Operations Institute

ABOUT THE AUTHOR

WHITNEY GRESPIN has worked in contingency contracting, educational programming, and international development on five continents. Her specialties include the facilitation and management of cross-cultural training and capacity building programs. Ms. Grespin holds a BA from Duquesne University, a Master's in Public and International Affairs from the University of Pittsburgh, a professional certificate in Project Management from Georgetown University, and secondary education social studies teaching licensure from Pennsylvania State University. She currently holds a PhD Studentship position at King's College London's Defence Studies Department, including instructional responsibilities at the UK Joint Services Command and Staff College, and consulting responsibilities as Director of Government Relations for UAS service provider Precision Integrated Programs. Ms. Grespin has served as a Contributor to AEI's Critical Threats Project, and was named one of 2013's "99 Under 33 Foreign Policy Leaders" by the Diplomatic Courier and Young Professionals in Foreign Policy. She is an active member of the Association of Junior Leagues International and serves as a board member of the Society of Woman Geographers.

The Evolving Contingency Contracting Market: Private Sector Self-Regulation and United States Government Monitoring of Procurement of Stability Operations Services

Whitney Grespin

Introduction

Although there is a dearth of reliable statistics representing the size of the international contingency contracting industry, there can be little argument that the scope of the private industry's services in support of western interventions has paralleled the waxing and waning of western interventions in complex environments. At a recent industry conference that brought together an impressive array of contingency contracting and stability operations service providers, a high ranking U.S. Department of Defense (DoD) official presupposed that in future complex operations, "Fifty percent of the U.S. force structure in a deployed environment are expected to be contracted support and not military personnel."³ While somewhat alarming, this estimate is an educated opinion given that as of late 2015 the U.S. claimed to officially have 9,800 military personnel augmented by just over 30,000 contractors in Afghanistan. Even as U.S. engagement in Afghanistan is expected to draw down, the DoD official assessed that the U.S. will probably see a 2:1 contractor to military personnel ratio in stability support missions, since these types of missions will continue into the foreseeable future.⁴

Considering recent sociopolitical events and the posturing of international actors, many of whom are

preparing to intervene in hybrid and non-state conflicts, it is not surprising to note that the surge of contingency contracting in complex environments was followed by numerous initiatives that aspired to establish accountability within the industry. Given the multilateral international profile of many of these stability operations contracts, there is a necessity for oversight of contracting firms' use of foreign workers in high-risk/complex environments. As the Government Accountability Office wrote in November of 2014, "Since the 1990s, there have been allegations of abuse of foreign workers on U.S. government contracts overseas, including allegations of Trafficking in Persons (TIP)⁵. In 2002, the United States adopted a zero tolerance TIP policy regarding U.S. government employees and contractors abroad, and began requiring the inclusion of this policy in all contracts in 2007. According to U.S. State Department, implementation of the TIP policy is important because the government relies on contractors that employ foreign workers in countries where they may be vulnerable to abuse."⁶ While federal procurement policies and regulations focus on meeting the mission needs of the contracting entity or "customer", the USG increasingly recognizes that its buying power can be used to promote, if not ensure, the responsible and ethical provision of goods and services.⁷

In understanding the constantly evolving contingency contracting market, it is critical to understand the different types of services that such companies specialize in and how they might provide capability specialization and service modularization to cater to a variety of contract scopes of work, as well as how contracting firms may offer institutional memory and operational impartiality that might be difficult for government employees to offer for a variety of rea-

sons. The private sector contractors must retain situational awareness of self-regulation industry initiatives and to understand how those practices relate to, support, or inform current government-mandated guidance for ethical practices in stability operations support service procurement. A failure to do so would result in non-compliance with mandated behavioral minimums, thus excluding them from being a viable bidder on government procurements. It is not easy to stay abreast of multiple regulations that have developed over recent years, but it is critical that companies invest the resources to do so. Regarding self-regulating accountability initiatives, this paper discusses the broad International Code of Conduct for Private Security Providers, complemented by case studies of private firm initiatives and successes in combating human trafficking and improving security and risk control through local engagement. Finally, the paper concludes with a discussion of government-led responses that surpass voluntary compliance practices in an effort to mandate minimum standards of acceptable behavior.

Understanding the Private Sector

Contingency contracting firms may be hired by a variety of clients to include corporations, governments, humanitarian groups/NGOs, media outlets, and other international organizations. The menu of services provided to international peace and stability operation project implementers by the private sector include risk advisory, the training of local forces, highly specialized airlift capabilities, base support, logistics, construction, personnel vetting, budget management, weapons destruction, fixed site and person-

nel protection, logistical support, and security sector reform, among other critical complex environment services.

Historically, firms operating in these environments and in the broader peace and stability operations industry were referred to as Private Military Companies (PMCs). According to Doug Brooks, private consultant and President Emeritus of the International Stability Operations Association (ISOA), the term PMC has been “largely discarded these days as not being exacting enough,” because the “military” designation, “implies that [firm employees] are combatants under international law, and civilians—even armed security personnel—do not have the rights and privileges of combatants.”⁸ Broader industry consensus seems to agree that private firms are held to a narrower set of Rules for the Use of Force (RFUOF) than the Rules of Engagement (ROE), which military actors are expected to adhere to.⁹ Brooks elaborates, “For example, [contractors] can use deadly force only in self-defense or in protection of something or someone which they have specific permissions to protect, whereas soldiers can use force proactively.”¹⁰

While there is ongoing debate over exact definitions, the term Private Military Security Company (PMSC) has emerged as the current catch-all term favored by the international community, though it actually refers to private firms working in conflict and post-conflict environments rather than those undertaking military-type missions. Other terms, such as Peter Singer’s Privatized Military Firm (PMF) or Brooks’ Military Support Provider (MSP), have attempted to capture the true function of small niches of the broader industry; but in reality one term cannot accurately encapsulate the wide array of industry ser-

vices. These private sector firms providing “contingency contracting” services can be classified into four broad categories of operations: logistics and support companies, private security companies, security sector reform and development companies, and industry support organizations.

More specifically, logistics and support companies (LSCs) are companies that specialize in providing logistical support, aviation services, construction services, unexploded ordnance and landmine clearance, water purification, medical care, and other life support services that are generally useful in less developed or post-disaster societies, and are not specific to other complex or combat environments. Such LSCs have historically made up a great majority of the contingency operations industry.

Private security companies (PSCs) are firms that specialize in providing protection for people, places, or things. Although their clients frequently are other companies, they also include governments, NGOs, humanitarian and civil society actors, and a variety of other international organizations. PSCs allow operations to continue in extremely dangerous environments, including operations such as humanitarian relief, reconstruction, and infrastructure development. They may employ armed or unarmed personnel depending on their client and operational environment. PSCs are the smallest category of these four primary contingency contracting designations, and as with the other sectors, they predominately staff their personnel rosters using local hires and host country nationals. Regardless of the sensationalist stories that have made headlines in recent years, most PSCs are carefully administered professional enterprises with remarkably comprehensive quality control processes.

Security sector reform and development companies (SSR&Ds) are firms that provide long term strategic solutions to weak and failed states. These entities operate with the goal of ensuring the creation of governmental and societal stability and structure that will eventually allow interventions to be scaled back (if employed), and ultimately result in a successful conclusion. SSR&Ds provide development services, long term training, and security reform training and advising. These reforms are aimed at making permanent improvements in a state's capacity and strategic position to self-govern a durable stabilization process.

The following table illustrates the diversity of services that private firms have excelled in providing to governments over the past decade-plus of contingency contracting in complex environments. Just as OSD describes, "'Contingency contracting' encompasses all contracting performed in a contingency environment (declared and non-declared), including military operations, stability operations, natural disasters, humanitarian, and other calamitous events."¹¹ These contracting services vary widely depending on the the complex operational environment.

Describing the Stability Operations/Contingency Contracting Industry			
LOGISTICS AND SUPPORT	PRIVATE SECURITY COMPANIES	SECURITY SECTOR REFORM AND DEVELOPMENT	INDUSTRY SUPPORT ORGANIZATIONS
<ul style="list-style-type: none"> ▪ Logistics ▪ Aviation ▪ Construction ▪ Maintenance ▪ UXO/Demining ▪ Transport ▪ Medical Services ▪ Supply ▪ Shelter 	<ul style="list-style-type: none"> ▪ Site Protection ▪ Convoy ▪ Private Security Detail ▪ Threat Assessment ▪ Intelligence ▪ Risk Management 	<ul style="list-style-type: none"> ▪ SSR ▪ Training ▪ Economic Development ▪ Crisis Mitigation & Recovery ▪ Governance ▪ Rule of Law ▪ Law Enforcement ▪ Development 	<ul style="list-style-type: none"> ▪ Law Firms ▪ Insurance ▪ Consultants Accounting or Financial ▪ PR/Marketing ▪ Reputational ▪ Staff Augmentation Recruitment

Table 1¹²

Private sector support in complex environments has become an increasingly essential part of the model for success, particularly given the requirements of the wars in Iraq and Afghanistan for comprehensive, large-scale, ground war troop's support. Although the private security industry has faced intense scrutiny from the public and press in the past decade, clients continue to find that the services performed by the stability operations industry are both essential and viable alternatives to many of the services once provided by governments themselves.

Capability Specialization and Service Modularization

There are many facets of the contingency contracting industry that illustrate the ways in which the private sector is often better positioned to provide stabilization and support services in complex environments than many governments. For example, the private sector's ability to offer surge capacities and specialized services far exceeds typical governmental or military capabilities. By tapping into global capacities, the industry possesses the capability for rapid, flexible responses and service expansions that surpass the abilities of governments which rely on their own internal capacities.

The use of contracting firm services also has the benefit of alleviating personnel drain and reducing logistical burdens for governments. By having ad-hoc needs filled by private contracting firms, deployed militaries and peacekeeping operations can focus a greater proportion of their resources on the long-standing mandates already set for them by the international community.

Furthermore, contingency contracting firms often employ individuals who may be significantly more experienced than current government employees assigned to these kinds of operations, as the private sector can ensure such expertise by enlisting the services of retired military personnel and government officials who have already had full careers in their area of expertise with compensation and benefits incentives that are beyond the scope of standard government employee packages. Having employees with government and military backgrounds, helps company managers understand the institutional irritations of governmental response capabilities and ensure their firm's capabilities and services address the real gaps.

Curiously, many traditional international organizations have only recently begun to truly accept the potential of modularized private sector services which provide enormous value, quality, and cost savings. A senior DoD official assessed that, "If operational expectations are only 1-2 years, then the U.S. saves about 90% through the use of contractors rather than the military, due to the military's lifecycle costs."¹³ The same official went on to explain that a major appeal of private sector support is that, "The contractor pillar is technically proficient and flexible, allowing for rapid expansion and contraction. The U.S. could shed 140,000 contractor jobs in Iraq with virtually no liability."¹⁴

As the intentions of increased efficiency resonate across the interests of all stakeholders involved in multilateral peacekeeping operations, it is important to recognize that private industry has already mastered exploiting synergies and economies of scale. As past performance indicates, many international and governmental organizations have a poor reputation

for timely responses to peacekeeping operations. In an effort to enhance their responsiveness, these organizations identified processes that can be contracted away from the headquarters to allow those dedicated personnel to focus on oversight and policy rather than remote logistics, as exemplified by their shift toward utilizing new regional contracted logistics hubs in recent years.¹⁵

Speed is often of the essence in humanitarian emergencies and peacekeeping operations, and the private sector has proven its ability to deploy in a fraction of the time it takes governments and militaries to mobilize. Private firms do require contracts, but in practice these can be drawn up with relative speed, or prepared ahead of time to allow a rapid deployment into the field. The ability to move quickly is of critical importance in situations where entities like the UN typically take upwards of eight months to mobilize. A great deal of research has reinforced the fact that early intervention in post-disaster and other complex environments save lives, but this private sector capacity has been underutilized in practice.

Institutional Memory and Impartiality

It is interesting to note that private firms specializing in contingency operations often have stronger institutional memory through consistent employment of individuals than many of the supported militaries. This expertise comes from doing similar tasks over many years and in many locations, or from being able to hire individuals with the most relevant and extensive backgrounds. Most militaries rotate their personnel through stability operations postings in six to twelve month schedules, thus inherently limiting their experience potential.

Peacekeeping training centers have tried to address this issue, yet private firms benefit from such experience in the form of accrued past performance that helps them to win future contracts, thus creating a strong internal incentive to preserve such knowledge or to employ personnel that bring that knowledge with them. As a senior Contracting Official for procurement in Afghanistan remarked, “There is no collated product of lessons learned or best practices for guys who are about to deploy [and have no idea what they’re about to undertake].”¹⁶

As one retired US military official observed, “Civilians who stay long enough see the carousel go around and around and around.”¹⁷ USG personnel who deploy to or oversee work in complex environments tend to see a lot of “recreating the wheel,” and a marked lack of continuity. Consistency is the most crucial aspect of many of these types of efforts, and the single thing that can be done to improve performance is to improve consistency. “People are looked down upon for being contractors, but contractors have the most continuity. That’s not a plug, it’s a fact. They can choose to stay.” Choices on personnel rotation and turnover, especially within USG entities, are the major enemy of continuity, which creates inconsistency and, often, failure.¹⁸

Successful peacekeeping missions necessitate more than the mere cessation of violence and must include the beginning of the rebuilding of communities. The inclusion of contingency contractors into stability operations in complex environments introduces vast reconstruction advantages that are not possible during military-only operations, notably including the use of fewer employees coupled with the empowerment of locals through training programs. In addition

to the benefits of private security sector participation detailed above, the creation of host country national contractor jobs provides real benefits to damaged economies and builds host community buy-in towards a new future, while continuing to develop local infrastructure long after all stability operations forces or implementers have left.

The private sector has the ability to provide stability and capacity building services as neutral, non-state actors in a manner that contributes to reducing political frictions. Too often, states bring political biases or historical legacies that can have an adverse impact on political solutions. Wise selection of private firms can reduce these tensions and facilitate reconciliation. Ultimately, increases in contingency contracting is a direct result of the growing recognition of the value that the industry brings to international contingency contracting, stabilization operations, and complex environment intervention.

Voluntary Accountability

Demands for specific PSC services have grown to record levels in recent decades, and private firm's capabilities now include an array of services that are vital to the success of combat operations as well as other more traditional stability operations and contingency contracting. While past calls for corporate responsibility have heralded successes such as the Kimberley Process and the Extractive Industries Transparency Initiative in widespread international operations, there has also been a move within the PSC and contingency contracting industries to call for accountability and to implement a code of ethics for the retention of services and operations of such service providers.

Existing credible accountability initiatives form a framework for governing the conduct of contractors, but much remains to be fleshed out to form a coherent and standardized approach to overseeing such organizations and activities.

Case Study I: The International Code of Conduct for Private Security Providers

In 2008, the International Committee of the Red Cross, the Swiss government, and contributors from private security companies and the civil society/NGO sector developed and proposed the Montreux Document on Private Military and Security Companies. The document details international legal obligations and lists specific recommendations related to PSC services procurement practices and operational oversight, and clarifies the obligations of States pertaining to the hiring of such entities during armed conflicts.¹⁹

Although representatives from dozens of states affirmed their support of the Montreux Document, it became clear that a supplement to the recommendations contained therein would eventually be necessary for its calls to be met by private security companies. Thus was born efforts to develop the International Code of Conduct for Private Security Providers (ICoC). The draft document produced by ICoC stakeholders was unveiled at a November 2010 conference held in Switzerland, where 58 private security companies from fifteen countries participated in a public signing ceremony, committing them to operate in accordance with the Code.

While the Montreux Document strives to guide the practices of States, the ICoC guides the performance of contracted or otherwise procured services

and activities by companies. The Code lays out a list of comprehensive human rights-based principles and industry-identified best practices guideposts for the responsible provision of private security functions. These principles go beyond on-the-ground issues, such as rules for the use of force, prohibitions on human trafficking, torture, and other human rights abuses. They also articulate commitments regarding the management and oversight of companies from a corporate perspective. Corporate governance issues addressed include ethical personnel recruitment, vetting practices, and grievance recognition and investigation, among other topics.

As of 2015, 708 companies from approximately 70 countries had signed the ICoC²⁰, with 96 private security companies, 13 civil society organizations, and 6 governments having committed to ongoing membership.²¹ The signatories offer a striking variety of services with over half claimed maritime security capabilities, which is a reflection of recent trends in industry focus, as well as a demonstration of private industry's ability to respond rapidly to evolving client needs. Doug Brooks, President Emeritus of ISOA, observed in 2012 that "standards never change unless the client pays attention to the standards."²² Similarly, Mark DeWitt, (now prior) Deputy General Counsel of private industry stakeholder Triple Canopy and longtime member of the ICoC's Steering Committee, contends that "everyone understands that the long-term success of the ICoC will be driven by clients . . . We must be willing to tell Congress and other national bodies that the ICoC is an industry standard that should be incorporated into their procurement policies."²³

The ICoC for Private Security Service Providers (PSPs) aims to improve industry accountability by establishing an independent oversight mechanism that will monitor reporting and address grievances, and also contains a set of principles that articulate and reinforce the obligations of private firms regarding international humanitarian law and human rights law. Once established and operational, the ICoC framework and broader governance mechanism will strive to expand its coverage beyond PSPs into all sectors of the stability operations industry in the future.

Supporting the International Code of Conduct for Private Security Service Providers is a unique opportunity for citizens and consumers worldwide to articulate support for a cross-sector initiative striving to set high standards for ethical operations in conflict areas and complex environments. In a time when private security companies and many other contingency contracting firms are often criticized for a lack of transparency, the tax-paying public and relevant stakeholders should take the opportunity to request, if not demand, that their governments and other PSP service consumers endorse and explicitly support the aims of this initiative and the commitments of signatory companies.

Case Study II: Private Firm FSI Addresses Human Trafficking Proactively

Unbeknownst to much of the general public, substantial shares of USG contracting expenditures go to employ host country nationals (HCNs) and third country nationals (TCNs) to provide services that would prove to be prohibitively expensive were they staffed by American citizens at U.S. pay rates. Ac-

cording to the Office of Federal Procurement Policy, more than one out of every six dollars of the \$530 billion federal government budget is spent on contractors.²⁴ Although sourcing manpower in complex environments is a small proportion of that overall figure, both the USG and private industry actors realize the value of responsible, ethical sourcing for alternative manpower. The impetus for principled talent acquisition means that certain companies choose to go to great lengths to ensure, at the least, compliance with U.S. requirements, or at the best, exceeding mandates. The most successful companies actually reinvest in community development from which the labor force hails, in order to improve the standard of living and the quality of life for the work force and their families.

FSI Worldwide (FSI) began life in 2006 as a specialist supplier of former Gurkhas to the security industry. While this still forms a significant part of the business, the key elements of the FSI business model (the recruitment, leadership and management of high quality, ethically sourced personnel) are concepts that apply equally to civilians as to former military personnel. As such, FSI has developed a highly efficient and cost effective model for the recruitment and management of skilled and unskilled labor for the construction, facilities management, and oil and gas and hospitality sectors, in addition to security staff, which it continues to provide to a large client base.²⁵

FSI's model is at odds with longstanding abusive recruiting standard practices, wherein a former Gurkha soldier would be expected to pay a recruiter about \$5,000 for the opportunity to work. The challenge is the vast majority of the Gurkha candidates will not have thousands of dollars for the initial payment to the recruiter, forcing the recruit to take out a loan, ob-

ligating the recruit to pay the recruiter approximately 80% of their ongoing salary. As FSI co-founder Nick Forster explained, “That’s not an exception to the rule – that’s the model... whether its naiveté or laziness or a complete lack of knowledge, people accept that everything is above board when more often than not, it is not.”²⁶

Human trafficking and forced labor is the largest illicit activity worldwide after drug trafficking, with an estimated 25 million people forced into labor worldwide. As Nick Forster remarked at a panel on corporate social responsibility in complex environments, “You would consider human trafficking and forced labor a pandemic in most other circumstances.”²⁷ Previous enforcement efforts focused on sex trafficking. In recent years, there has been a pronounced shift towards labor trafficking. Legal guest workers are at risk of being exploited just as much as illegal immigrants and undocumented workers. While it is challenging for companies to monitor the hiring practices of second and third tier subcontractors, who often assume responsibility for the recruitment, processing, and deployment of these personnel, companies are recognizing that ethical manpower sourcing is both productive, and it makes bottom line commercial sense.

FSI has identified that assessment of the following key areas is important to the ethical sourcing, vetting, and recruitment of HCNs and TCNs, and should be considered by all companies who are beginning recruitment in geographic areas or cultures that are beyond their realm of expertise, or even familiarity:²⁸

- ***Recruitment Fees:*** what fees are charged to workers? Who pays for each cost including recruitment, medical, travel, and housing?

- *Housing*: does the accommodation meet a suitable standard? Does it restrict the workers' freedom of movement?
 - *Contracts of Employment*: are migrant workers provided with an employment contract prior to deployment? Are the Terms & Conditions subject to change once they reach the job site (contract substitution)? Is the contract translated into a language they can understand? Has someone clearly explained their rights and responsibilities under the contract? Are there any penalties for leaving the contract early?
 - *Identity documentation*: are passports or other documents held by brokers or the employer? Are employees given a receipt and an explanation? Can they access their documents immediately on request?
 - *Humane Treatment*: are there effective systems in place to ensure workers are not being threatened with physical violence or intimidation? Is a translator provided during disciplinary investigations?
 - *Grievance Mechanisms*: is there an effective grievance system in place? Do workers have direct access to their employers? Is there whistle-blower protection?
 - *Salary Payments*: are workers paying off a debt? Are payments made directly to the worker? Do workers receive a pay slip? Are any deductions withheld, and if so, are the workers aware of them and their purpose?

Many contracting companies, and especially those that hire HCNs and TCNs, can bring legitimacy to the Host Nation government by teaching transferrable skill sets as leave-behind knowledge.²⁹ In order to deliver this unique value-added aspect to their operations, it is vital that firms proactively address human

trafficking and ethical labor sourcing. To address these concerns, FSI self-selected as a member of the ISOA³⁰ and committed to its Code of Conduct³¹ as well as to being a signatory of the United Nations Global Compact, and therefore abides by The Ten Principles of the United Nations Global Compact³² and the Athens Ethical Principles³³. In 2010, FSI was awarded a special commendation at the End Human Trafficking Now (EHTN) Business Leader's Awards, and later won the EHTN award in 2013.³⁴

The following figures come from a November 2014 USGAO Report to Congressional Committees, which shares the assertion and title that “Oversight of Contractors’ Use of Foreign Workers in High-Risk Environments Needs to Be Strengthened.” These figures illustrate sample recruitment paths for TCNs working in support of the USG in Afghanistan, and highlight contractor’s vulnerability in having no visibility of their recruiter workers prior to their arrival in country.³⁵

Sample Recruitment Paths for Foreign Workers on a U.S. Government Contract in Afghanistan

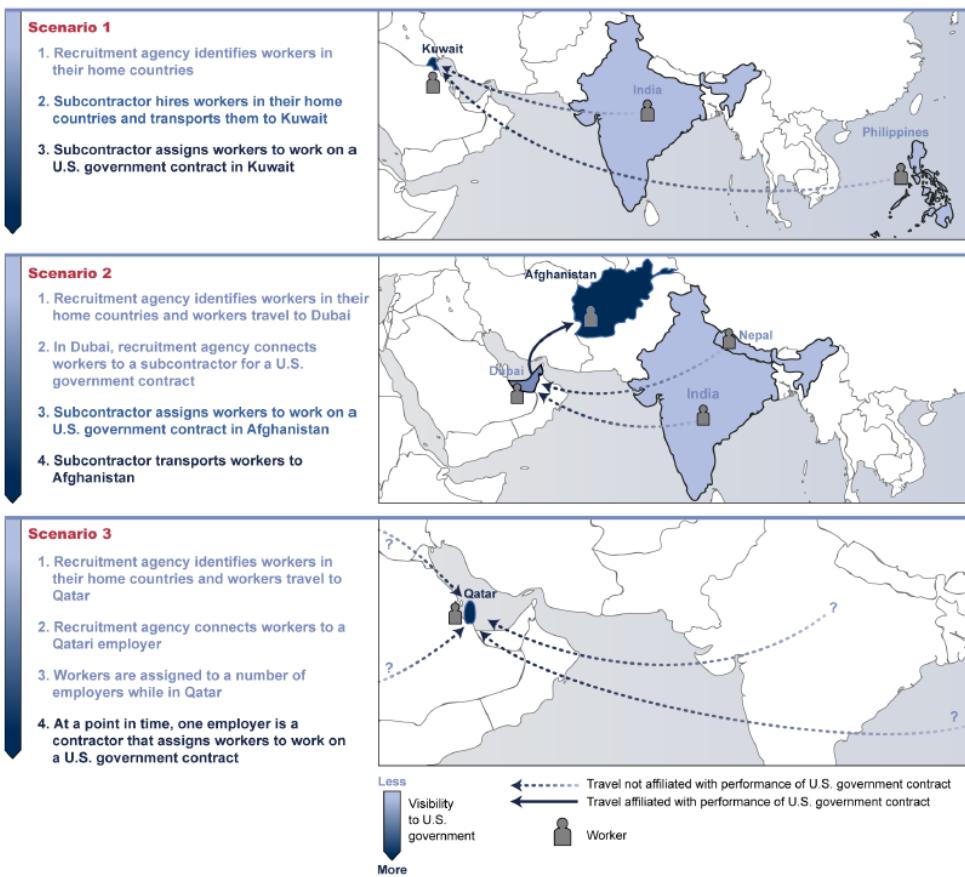
1. Recruitment agency identifies workers in their home countries and workers travel to Dubai
2. In Dubai, recruitment agency connects workers to a subcontractor for a U.S. government contract
3. Subcontractor assigns workers to work on a U.S. government contract in Afghanistan
4. Subcontractor transports workers to Afghanistan

◀--- Travel not affiliated with performance of U.S. government contract
← Travel affiliated with performance of U.S. government contract



Source: GAO analysis based on Department of Defense and contractor data; Map Resources (map). | GAO-15-102

Figure 1: Examples of Different Paths Foreign Workers Take from Their Home Countries to Work on a U.S. Government Contract Overseas



Source: GAO analysis based on Department of Defense and contractor data; Map Resources (maps). | GAO-15-102

Case Study III: GardaWorld's Strategy for Controlling Risk Through Local Engagement

In line with FSI's ethical recruiting guidelines, those who hire such specific services are often directly vested in the principled conduct of their subcontractors. Larger, more diverse companies such as GardaWorld will frequently sub-contract to niche firms such as FSI to hire TCNs to fill specific contractual requirements, such as the provision of physical

security services. These large firms, who support the USG and other customers, are also inherently prime contractors partnered with multiple sub-contractors to fulfill broad contractual requirements.

“From the most serious insider threats resulting in disruption of services, damage to facilities, attacks on staff or the ever-present issues of corruption and theft, the risks are variable, nearly unidentifiable and even more difficult to overcome.”³⁶ GardaWorld has come up with a comprehensive list of 26 “Key Recommendations” to alleviate the most common obstacles to achieving success and transparency in high-risk security service procurements. These key recommendations include:³⁷

1. *Build a wide network of recruiters.* Do not become too reliant on one group or person.
2. *Understand the tribal, family and religious dynamics of a region are often more important than experience.* Focus on employing equitably the tribal structures in a region.
3. *Understand and work with existing institutions.* This requires buy-in from local power brokers.
4. *Hire very locally, especially in rural areas.* Create goodwill by hiring staff from families in very close proximity to your operations, or who are affected in by the installation and stability operations projects.
5. *Use your security provider to insulate yourselves as much as possible from day-to-day personnel management.* Recognize that allowing your sub-contractor to handle the daily operations on-the-ground since they have the best understanding of the challenges, is the best policy. Micromanagement will likely lead to mishandling of events.

6. *Nepotism will happen but can have a positive effect.* Introducers feel a sense of responsibility should their chosen worked cause problems. Use this to your advantage to manage local staff in an effective and secure manner.
7. *Normalize employment standards for local staff.* Provide high standards – including insurance, social security, food and accommodation – for local staff to minimize resentment, or the “them and us” attitude toward expatriate personnel.
8. *Pay on time, all the time and “look them in the eye” when you do it.* Respect and loyalty are earned primarily through the payment of wages.
9. *Always monitor and question what is happening and why.* Use a senior staff member, who does not have direct management responsibility over the specific tasks, to monitor and question every action and receipt, ensuring loyalty to the line manager.
10. *Visibly respect your staff.* Empower your staff, give them real responsibility, and take an interest in how their culture works.
11. *Select each team with extreme attention to detail.* Carefully select teams to ensure the balance of local tribal power is reflected in them.
12. *Hire expatriate staff who have an interest in the culture.* Employ expatriate staff who are prepared and able to act as mentors for local staff, using nuanced and culturally acceptable practices.
13. *Continuously invest in internationally accredited training.* It is a signal to local communities that you are a long-term, trusted partner.
14. *Spot opportunities for developing staff from within.* Long-term staff are more experienced, better trained and have a stronger connection to their employers.

15. *Separate living quarters for local national and expatriate staff.* Local staff feel more at ease when their accommodation is comfortable and apart from their expatriate colleagues.
16. *Move staff around between positions to reduce exposure to specific role abuse.* Staying too long in one role provides opportunities for staff to build their own relationships and networks that can lead to corrupt activities.
17. *Maintain open lines of communication.* Push information down to the lowest levels of the organization. All staff gain from feeling a valued part of the team.
18. *If changes have to be made, make them sensitively, and understand the repercussions beforehand.* Former employees or groups of employees who feel they have been disrespected can cause serious problems if their removal is not handled diplomatically or managed over a period of time. Building influence networks and managing information.
19. *Identify and build relationships with key national and provincial leaders.* Seek out senior officials who will work in your interests.
20. *Identify and build relationships with key local honest brokers/suppliers.* These people can be extremely hard to find and even harder to get to know. This only comes with direct experience in particular locations.
21. *Insist all business is conducted "in the light of day."* Use influence and relationships with senior officials to insist everything is conducted in a transparent manner.
22. *Hire a senior-level advisor – your "local national liaison."* This person should be your social and

moral conscience who can help navigate your way through the many challenges you will face.

23. *Factor in that everyone has their own agenda.* Always ask the question, “Why are they telling me this?”
24. *Recognize the limits of your knowledge.* The expatriate staff understands the limits of their knowledge and accesses, and garners local input routinely.
25. *Sincerely give back to the community.* This “no-strings-attached” approach is appreciated by the local community and builds goodwill.

This guidance all relies heavily on interpersonal relationships, trust, transparency, and the proper management of staff to ensure effectiveness and security. While many companies may aspire to follow these guidelines, the very codification and publication of a publicly-accessible whitepaper³⁸ on the topic is quite telling in regards to GardaWorld’s commitment to the interests of ethical talent sourcing.

Beyond Voluntary Compliance: Legislative Response and Government-dictated requirements

Although private companies who focus both on USG contracting as well as international commercial work have made great efforts to self-regulate and construct voluntary accountability initiatives, there are still legitimate concerns about specific aspects of the industry that are inherently difficult to regulate. For these types of discrete challenges that garner much public attention, the USG and other international organizations may choose to intervene and/or impose blanket legislation in an attempt to mitigate damaging practices.

Case Study IV: ANSI-ASIS PSC .1: Management System for Quality of Private Security Company Operations

While the ICoC relied heavily on multilateral stakeholder input to develop self-governing processes, the U.S. DoD elected to pursue a set of standards to exist alongside the self-selected behavior expected of ICoC signatories. Following the 2010 ICoC completion, DoD contracted the standards-drafting ASIS International to develop formal procedures and standards to apply to private security company operations.

Dr. Ian Ralby, a recognized expert on the regulation, governance, and oversight of private security companies, described the development of these standards in a 2015 paper for the Fletcher Security Review:³⁹

* ANSI PSC.1

The ANSI/ASIS PSC.1 Standard, developed by a technical committee of over two hundred people from twenty-six different countries, is by far the most detailed instrument relevant to the regulation, governance and oversight of the private security industry. It is the flagship Standard of the ANSI/ASIS PSC Standards Series, which seeks to operationalize the ICoC within a formal structure familiar to businesses. That structure, with both national and international supervision, provides auditable procedures for the development, certification, and monitoring of ongoing compliance. PSC.1 pushes the envelope with regard to business standards as the first to incorporate human rights requirements. The ICoC's purpose was primarily to commit signatories to human rights principles regardless of whether they were so obligated

by law. The PSC Standard Series takes that voluntary commitment a step further and requires companies, in order to be certified, to have adequately incorporated international human rights principles compliance into their operating policies and procedures. The PSC.1 Standard is currently in the process of being converted into a full international Standard, ISO 18788.

* ANSI PSC.2

Given the unusual nature of the PSC.1 Standard, it was understood from the outset that a second Standard would be needed to set forth the requirements for auditing PSCs. A conformity assessment standard, PSC.2 is based on ISO 17021 – the general standard for auditors – but tailored specifically to the unique needs of the PSC industry and the PSC.1 Standard. This Standard focuses on the expertise required to assess companies operating in the most challenging environments on Earth. Traditional auditors, accustomed to examining more conventional businesses, typically lack the discernment and expertise necessary to understand the legal, human rights, and operational requirements of the PSC Standards. PSC.2 therefore provides an extensive list of competencies or terms of familiarity such as “Terminology, practice, and understanding of the rule of law and use of force . . . human rights impact assessment . . . methods for personal security and protection of persons . . . [and] methods and practices for continuity, emergency and recovery management.”⁴⁰ Given the breadth of skills needed, it suggests the use of audit teams, as few individuals would be able to address all the issues competently. So PSC.1 sets out the company compliance requirements and PSC.2 establishes the auditing procedures.

Case Study V: Preventing Human Trafficking in USG Procurement

Although human trafficking has always been a high-visibility issue, in 2012 President Obama signed Executive Order (EO) 13627 “Strengthening Protections Against Trafficking In Persons In Federal Contracts,” which supported a number of other laws intended to “provide the tools to combat trafficking in persons both worldwide and domestically.”⁴¹ In issuing this EO, the White House acknowledged that “as the largest single purchaser of goods and services in the world, the US Government has a responsibility to combat human trafficking at home and abroad, and to ensure American tax dollars do not contribute to this affront to human dignity.”⁴²

Following a decade of war in both Iraq and Afghanistan as well as an increasing number of contingency and stability operations elsewhere in the world, a growing number of grievances with the treatment of TCNs prompted the establishment of EO 13627 against TIP. One such high-profile (and long-unresolved) incident centered around a court case brought by the families of 12 Nepalis TCNs against USG contractor Kellogg, Brown & Root (more often known as KBR) after the TCNs were killed in Iraq. In 2004, 13 Nepali laborers were recruited to work in Jordan by KBR sub-contractor Daoud & Partners under the pretense that they would be working at a luxury hotel. Once they arrived in Jordan, the Nepali TCN’s passports were allegedly confiscated, and the men were forced across the border into Iraq in non-uparmored vehicles to travel to Al Asad air base, where they were to work for KBR at the U.S. militarybase. En route to Al Asad, the vehicles were ambushed by a militant

group, who killed 12 of the 13 Nepali men. The court documents against KBR/Daoud allege that they “established, engaged and contracted with a network of suppliers, agents, and partners in order to procure laborers from third world countries”⁴³ Ten years later, the court case is still in the news lacking resolution after repeated court orders flip-flopping on whether the courts would hear the case.

This case, among many others, prompted EO 13627’s “zero tolerance approach” and dictated that U.S. contracts would include the following prohibitions:⁴⁴

- * Use of misleading or fraudulent recruiting practices
- * Charging employees recruitment fees
- * Destroying or confiscating an employee’s personal ID documents

The subsequent National Defense Authorization Act for Fiscal Year 2013 (NDAA), which contained Title XVII “Ending Trafficking in Government Contracting,” furthermore emphasized the commitment of the USG to end human trafficking in government contracting supply chains. These efforts included a number of legal requirements that had to be met in order for companies to comply with federally mandated trafficking in persons regulations. For example, upon receipt of a contract award from the U.S. Government and annually thereafter, contractors and subcontractors were required to certify that they had an appropriate Compliance Plan in place and that neither they, nor their labor subcontractors, had been engaged in any TIP activities, and/or that appropriate actions had been taken in relation to the discovery of any such activities.

Contracting firms were required to maintain a Compliance Plan, including an employee awareness program, which was to cover (at a minimum):⁴⁵

- A Trafficking in Persons (TIP) policy statement
- Details of actions to be taken against employees violating the TIP policy
- A TIP reporting process for employees
- A recruitment and wage plan that only permits the use of recruitment companies with TIP trained employees, which prohibits charging recruitment fees to the employee, and ensures that wages meet applicable host country legal requirements or explains variances
- A housing plan to ensure that employee housing meets host country standards
- Procedures to prevent subcontractors at any tier from engaging in TIP

Under the initial “Combating Trafficking in Persons” section of the FAR (Part 52.222-50), the possible enforcement remedies for firm or employee violations included:⁴⁶

- Required removal of a Contractor employee or employees from the performance of the contract;
- Required subcontractor termination;
- Suspension of contract payments;
- Loss of award fee for the performance period in which the Government determined Contractor non-compliance;
- Termination of the contract for default, in accordance with the termination clause of this contract; or
- Suspension or debarment.⁴⁷

The seriousness of this issue is beyond dispute, yet there is often a slow mobilization phase due in a large part to a lack of direct impact on the organization's daily operations. Until a company is penalized for failing to reach the new monitoring standards, directly affecting contractual income, the organizational leadership will be reticent to affect change. USG contractors are obligated to mitigate trafficking, yet companies often lack awareness of the new requirements and obligations requisite in supporting the USG as a member of the contingency contracting industry.

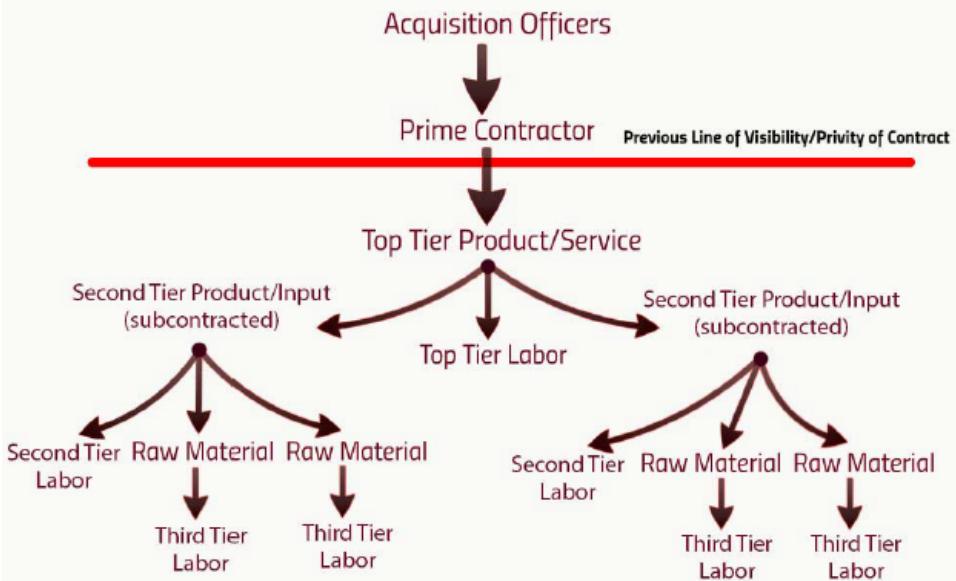
As part of a concerted federal effort to address TIP issues, a 2014 GAO report, "Recommended that agencies (1) develop a more precise definition of recruitment fees and (2) ensure that contract monitoring specifically includes TIP. DoD concurred with the first recommendation, while State and USAID noted that forthcoming regulations would prohibit all recruitment fees. All three agencies concurred with the second recommendation."⁴⁸ While the development of a precise definition remains outstanding, the call for it alone is a step in the right direction. In January of 2015, DoD, GSA, and NASA issued a final rule amending the Federal Acquisition Regulation (FAR) to strengthen protection against trafficking in persons in Federal contracts.⁴⁹ These changes are intended to implement the 2012 EO 13627 and the 2013 title XVII of the NDAA. These updates establish a number of new safeguards largely modeled on the aforementioned successful private sector practices, and reflect public input from federal contractors, academia, NGOs, and other stakeholders. Critically, the new FAR rule prohibits federal contractors and subcontractors from charging employees recruitment fees or using misleading or fraudulent recruitment practices. The FAR also

requires contractors and subcontractors performing work over \$500,000 outside the United States to develop and maintain a compliance plan, and to certify that, to the best of their knowledge, neither they, nor any of their subcontractors has engaged in trafficking-related activities.⁵⁰

This final amended FAR rule became effective 2 March 2015, and placed the burden of responsibility on prime contractors to ensure that their supply chain is free from any forms of TIP violations and related human rights violations.⁵¹ Both the risk and the challenge of this requirement are significant, as it is now the responsibility of the prime contractor to ensure that all sub-contractors – including subs to the subs – are fully compliant with regulations.

The following image graphically illustrates how these mandates will affect a broad range of federal contracts, and highlights that there is a need for additional scrutiny by prime contractors of subcontractor labor practices to a degree that was not previously commonplace. Prime contractors will need to actively review the labor practices of their subcontractors and suppliers, and ensure ethical labor practices are maintained down to the lowest tiers of their supply chains.⁵²

Shedding Light on Human Trafficking Risk in Federal Supply Chains



Fiscal Implications/The Business Case

Adhering to these requirements is not only the right thing to do – it is also the smart thing to do in terms of business sense. While proper implementation of these requirements is essential to maintaining compliance with contractual obligations, there are additional business benefits that accrue for companies and customers, which include:⁵³

1. Meeting clients' expectations, demonstrating commitment to clients' needs, and reducing clients' uncertainties about the credibility and quality of their selected providers.
2. Providing clients with benchmarks against which to select providers.

3. Reducing the amount of oversight a client has to exercise.
4. Improving effective, cost-efficient delivery of goods and services and accompanying reduction of operational costs.
5. Managing risks (reputational, brand, operational) and potential liabilities (legal).
6. Increasing coherence in risk management processes, reducing project-related risks, and enhancing operational success.
7. Maintaining good stakeholder relations and the ‘social license to operate’.
8. Ensuring respect for human rights, demonstrating due diligence, and reducing the likelihood of disruptive and undesirable events.
9. Maintaining a commitment to continuous improvement.

Companies working in high risk environments have recognized the necessity of operating in a responsible fashion to be both effective and efficient. This includes mitigating unnecessary costs to both themselves and their customers, which may range from operational disruptions to legal and reputational liabilities, resulting from TIP incidents. Although cost has long remained a key factor in determining selection, particularly given the recent preference for LPTA (Lowest Price Technically Acceptable) procurements, contracting company’s adherence to voluntary metrics have made it possible for accountability and quality to be incorporated into source selection evaluations, as evidenced by the increased attention to “Best Value” contracts over LPTA line evaluations.

Dr. Ian Ralby⁵⁴ wrote in an analysis of accountability initiatives for armed contractors, “As the world

faces a likely upsurge in this sort of contracting, it remains to be seen whether the extensive regulatory, governance, and oversight efforts of the last decade will prove effective in ensuring higher quality, more responsible contractors, or whether gaps in the system will lead to the rejection or circumvention of those accountability measures in favor of the lowest priced contractors.”⁵⁵ As one industry leader elaborated, “LPTA just means that the services are being commoditized, and when you get a commoditized market you get bad service”.⁵⁶ Contractual limitations are at odds with each other, as the scope of execution at a minimal cost is prioritized over encouraging contractors to meet or exceed government mandated obligations for quality and ethical performance.

At the 2015 Annual Summit of the International Stability Operations Association (ISOA), a national security and development specialist keynote speaker assessed that, “The USG has to be willing to pay high rates to the private sector companies, and the companies have to be prepared to pay high salaries to their contractors,” implying that in the stability operations field, returns are very much a case of getting what is paid for.⁵⁷ Supporting this assertion, a recent report indicated the Pentagon’s emphasis on LPTA contracts has backfired by causing industry consolidation. The report also indicated that reliance on such contracts to cut short-term costs “has created long-term ramifications” for the defense industry, as “in the past several years, emphasis on LPTA has changed behavior in the marketplace, prompting shaved margins, spinoffs and consolidation to achieve economies of scale in low-priced markets. Such events drive more monopolistic positions for the few remaining contractors, allowing them to command a higher price.”⁵⁸ Only time will

tell if the pendulum of procurement policy will soon swing the other way, focusing instead on best value rather than best price.

Practicing Self Preservation

In contrast to the public's perception and normative portrayal of the industry in mass media, private companies providing contingency contracting services to the USG are initiating their own measures to enhance self-monitoring and peer accountability across the field. Corporate commitments to ethical implementation and careful oversight mean more than a signature on a paper, especially when they require comprehensive resources and valuable man-hours in order to adhere to voluntary accountability frameworks.

The aspirations of EO 13627 and subsequent extensive assessment and auditing procedures for supply chain transparency are vital forcing functions to ensure ethical manpower sourcing practices for USG contracted efforts. Structured approaches to designing effective government contract compliance programs are increasingly important as government budgets shrink and more emphasis is placed on oversight. While compliance programs must meticulously consider each company's own business environments, operations, and risks, there is a common structure of analysis that all firms can use to ensure that they are meeting basic compliance requirements. Basic steps to encourage a firm's compliance are as follows:⁵⁹

1. *Conduct a risk analysis to determine the company's risk areas.* The risk analysis should begin by examining background factors to identify unique risks, such as procurement integrity, bribery, pricing accuracy, Foreign Corrupt Practices Act

compliance, institutional conflicts of interest, or export control, depending on the company's area of specialization.

2. *Install a compliance system for each identified risk.* This system does not have to be complicated, as a simple repeatable structure to ensure that company employees have a procedure or checklist to follow may suffice, depending upon the nature of the risk and related exposure.
3. *Revise form subcontracts as appropriate.* All subcontracts should be periodically reviewed to ensure they contain up-to-date and appropriate flow-down compliance requirements.
4. *Apply a corporate Code of Business Ethics and Compliance Program.* Sufficient codes must demonstrate an exercise of due diligence to mitigate criminal conduct, and provide guidance on reporting violations to relevant authorities such as the Contracting Officer or other oversight mechanism.
5. *Encourage an active internal controls and audit system.* This system should be fully supported by upper management, and the proximity of the monitoring function to the activity should be relative to the complexity of the inherent risk of non-compliance.
6. *Provide regular training to all employees.* An ethics and compliance awareness and training program tailored to a company's specific activities is important for adhering to legal requirements.

The mandated structured analysis for private contingency contracting companies should be conducted on an annual basis to ensure active compliance efforts meet current regulations, and efforts are still appro-

priate to business operations and changing contract requirements. When new requirements are imposed during the period of contractual performance, it may be necessary to use such structured analysis more frequently. Ensuring a solid and up-to-date compliance system that is understood by all employees, audited and monitored, and actively supported and enforced by upper management, is not a guarantee that problems will not arise. However, the U.S government has historically considered the existence of such a system to be an indicator that the contracting firm is attempting to adhere to regulations, and takes the existence of the regulatory system into account when considering enforcement actions and potential penalties.

Furthermore, there is support within the private industry that uniform mandates across the industry can be beneficial, even within a constricting market in which competition is fierce. A panel of senior executives discussing corporate social responsibility in complex environments concluded that, “market consolidation is a good thing for the PSC industry and for clients...[the USG should] put into the bidding documents the requirement for all subcontractors and all third party providers to comply with Prime vendors’ behaviors. So, if the Prime is compliant, the subs should be compliant as well, even if in practice and not through formal certification.”⁶⁰ Nick Forster, Co-Founder and Director of Business Development of FSI Worldwide, elaborated that, “to see what is happening behind the veneer of legitimacy is extremely difficult to do. It comes down to the tendering solicitation process.”⁶¹ In short, if language is included that levels the playing field for all competitors – in that the expectations for their compliance and self-regulation is uniform – then there have been indications that more

transparency and more intelligent approaches to the writing of these solicitations and contract statements of work would be useful in ensuring ethical government procurement practices.

Conclusions

The United States conducts diplomatic, defense, and development activities throughout the world, including in countries with restrictive labor practices and poor records related to trafficking in persons. The United States has an obligation to prevent entities working on its behalf from engaging in trafficking in persons, and when it uses contractors to support its activities in such countries, it bears an even greater responsibility to protect workers given the increased risk of abuse.⁶² The success of U.S. foreign policy in complex and high threat environments is dependent upon private contingency contractors for a number of critical and highly specialized services ranging across mobile and static security force protection, access control and tracking security access to various facilities, extraction and evacuation operations, and life-support. As a retired AFRICOM Commander remarked at a 2015 industry conference, although stability operations and contingency contracting may not be the biggest industry in the world, “You’d have a hard time finding another industry that has a greater impact in places that matter.”⁶³

In short, the procurement of services in complex environments, when provided by manpower sourced from many locations worldwide, is an inherently complicated undertaking. Companies pursuing such service provision or utilization would do well to ensure TIP compliance through the following practical steps

as recommended by academics and industry executives alike.⁶⁴

1. Be educated as to the issues of labor trafficking and TIP regulations with the primary guidance coming from:
the International Labor Organization's Convention 181 on Private Employment Agencies,⁶⁵
the United Nation's Guiding Principles on Business and Human Rights,⁶⁶
and Office of the High Commissioner on Human Rights Dhaka Principles for Migration with Dignity.⁶⁷
2. Map existing labor supply and know who the sub-contracting entities are, including second, third, fourth, etc. tier subs and understand their commercial structure, past performance, and who their acting agents are.
3. "Insist, Invest, Inspect":⁶⁸

The burden of responsibility for conducting thorough and appropriate due diligence falls on the prime contractor. In the instance that the prime contractor does not have the experience to properly audit processes and procedures, then an outside entity should be engaged to provide such expertise. These investments in due diligence can prove to be priceless in terms of avoiding murky business relationships and mitigating risk in future collaborations.

While the market is continuously evolving and honing its responses to changing procurement practices, there is little doubt about the long term necessity and viability of private contingency contractors. The industry has proven itself to be unceasingly responsive to changing customer requirements, and as one industry expert observed, "The industry will change

because the client asked them to change.”⁶⁹ Although the USG has attempted to streamline its contracting and procurement practices in recent times, one industry executive voiced the thoughts of many in the private sector when he cautioned, “The government doesn’t know the business of the business that they’re in.”⁷⁰ While cost often remains a key factor in determining provider selection, the various initiatives discussed have made it possible for accountability and quality to be added as essential metrics.⁷¹

Although the private sector has proven to be more forward-looking in the instances discussed above than their primary customer – the U.S. Government – the potential failure of such accountability initiatives to evolve and remain ahead of the curve would be detrimental to contracting companies, governments, and taxpayers. In the rapidly evolving market such as that which the USG and other consumers of contingency contracting offerings find themselves searching for services within, it is important that the industry is understood by the consumers of these unique services, and that the procurement practices and manpower behind these companies be sourced responsibly and ethically in order to uphold the principled aspirations of the USG and other accountable consumers. A failure to comply with accountability initiatives would prove to be detrimental to the contingency contracting industry, the credibility of governments procuring their services, and stability operations initiatives worldwide.

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31. ISOA's Code of Conduct seeks to establish consistent ethical standards for members of International Stability Operations Association operating in complex environments so that they may contribute their valuable services for the benefit of international peace and human security. Additionally, Signatories will be guided by all pertinent rules of inter-national humanitarian and human rights laws. Signatories shall respect the dignity of all human beings and adhere to all applicable international humanitarian and human rights laws. Signatories shall take appropriate measures to minimize loss of life and destruction of property and cultural elements, and harm to the environment.

32. The United Nations Global Compact is a United Nations initiative designed to encourage businesses worldwide to adopt sustainable and socially responsible policies as well as to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment, and anti-corruption.

tion. The UN Global Compact's Ten Principles are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

33. Signatories to the Athens Ethical Principles disassociate themselves from such illicit practices by launching the following ethical principles in which there is a commitment to: explicitly demonstrate the position of zero tolerance towards trafficking in human beings, especially women and children for sexual exploitation; contribute to prevention of trafficking in human beings including awareness-raising campaigns and education; develop a corporate strategy for an anti-trafficking policy which will permeate all our activities; ensure that our personnel fully comply with our anti-trafficking policy; encourage business partners, including suppliers, to apply ethical principles against human trafficking. In an effort to increase enforcement it is necessary to call on governments to initiate a process of revision of laws and regulations that are directly or indirectly related to enhancing anti-trafficking policies.

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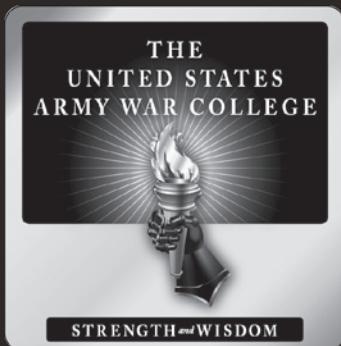
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54. Dr. Ian Ralby is a recognized expert on the regulation, governance and oversight of private security companies, and has advises clients on a range of international law, international relations and transnational security matters. He holds a J.D. from William & Mary Law School and a Ph.D. in Politics and International Studies from the University of Cambridge.

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